

Gross receipts from sales of magazines are not subject to Retailers' Occupation Tax liability. See 86 Ill. Adm. Code 130.2105. (This is a GIL).

February 5, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated January 12, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I publish a bimonthly newsletter which is subscribed to by the year. I believe that this newsletter is not subject to sales tax and should fall under the tax-exempt status for newspapers and magazines.

When I called the Illinois Department of Revenue, I was told that I needed to collect sales tax on 50% of the sales price of the newsletter. I applied for and received an IBT.

I have not collected any sales tax nor do I intend to collect any. I would like a legal determination from your department on whether I have to collect the tax. If I do not need to collect the tax, I would like to have the IBI number negated.

Enclosed is a copy of my newsletter.

Enclosed is a copy of 86 Ill. Adm. Code 130.2105 concerning Sellers of Newspapers, Magazines, Books, Sheet Music and Phonograph Records, and their suppliers. Please note sales of magazines are not subject to sales tax, Section 130.2105(a)(2).

In making determinations on whether publications such as newsletters qualify as magazines for purposes of exemption from tax, there is one test that must be met and several other factors to be considered. The test that must be met in order for publications to qualify as magazines is that they must be published periodically, that is, they must be published at least two times per year. They must also possess certain characteristics of magazines. Such characteristics include whether the publications can be subscribed to, whether they contain articles on subjects of general interest, whether they contain general advertising, and whether they have the format of magazines such as soft covers,

individual pages, and indexed articles. Therefore, newsletters that are published on a monthly or bimonthly basis and possess some of these characteristics can qualify for the exemption from Illinois sales tax. See Moody's Investors Service, Inc. v. Department of Revenue, 101 Ill.2d 284 (1984).

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.